

Message Text

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PAGE 01 KUALA 02006 01 OF 02 090950Z

ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 DOE-11 SOE-02 AGRE-00
/101 W

-----029599 091014Z /20

R 090816Z MAR 78

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 2833

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 KUALA LUMPUR 2006

E.O. 11652: GDS

TAGS: PEPR, KS, KN, MY

SUBJECT: NORTH KOREAN VICE PREMIER'S VISIT TO MALAYSIA

REF: A) KUALA LUMPUR 1836, B) SINGAPORE 1016

1. SUMMARY: THE NORTH KOREAN VICE-PREMIER AND
MINISTER OF EXTERNAL ECONOMIC AFFAIRS, KONG CHIN-TAE,
LED A SEVEN-MEMBER DELEGATION ON AN OFFICIAL VISIT TO
MALAYSIA FROM FEBRUARY 28 TO MARCH 5, 1978. DURING
THE VISIT, HOSTED BY HIS MALAYSIAN COUNTERPART DEPUTY
PRIME MINISTER AND MINISTER OF TRADE AND INDUSTRY,
DATO SERI DR. MAHATHIR MOHAMED, KONG PAID CALLS ON
THE PRIME MINISTER, FOREIGN MINISTER AND MINISTER OF
PRIMARY INDUSTRIES, AND VISITED OFFICIALS IN PENANG.
PRESS COVERAGE OF THE VISIT WAS ESPECIALLY LOW-KEY,
AND BOTH THE GOM'S PRONOUNCEMENTS AND ACTIONS WERE
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PAGE 02 KUALA 02006 01 OF 02 090950Z

CORDIAL BUT CAUTIONS. END SUMMARY.

2. DESPITE THE GOM'S PLEASANT SURPRISE WITH KONG'S
COMPETENCE IN ECONOMICS AND AVOIDANCE OF STRIDENT
POLEMICS (REPORTED REFTTEL A), THE GOM WAS CLEARLY
CIRCUMSPECT IN MAINTAINING ITS NEUTRAL POSITION
VIS-A-VIS THE TWO KOREAS. PUBLIC STATEMENTS SCKNOWL-

EDGED THAT NORTH KOREA'S POLICY REGARDING REUNIFICATION WAS RAISED BY KONG DURING HIS CALLS ON THE VARIOUS GOM OFFICES, YET THE GOM RESPONDED IN EACH CASE WITH ITS BASIC POSITION THAT IT HOPED THE TWO KOREAS WOULD ACHIEVE REUNIFICATION "ACCORDING TO THE DESIRES OF BOTH PARTIES CONCERNED." THE ONLY VARIATION ON THIS THEME MADE BY THE GOM WAS DEPUTY PRIME MINISTER MAHATHIR'S STATEMENT THAT HE SUPPORTED THE NORTH KOREAN POLICY OF SOLVING ITS "OWN PROBLEMS" THROUGH NEGOTIATION. INDEED, WHEN ONE PRESS REPORT ERRONEOUSLY STATED THAT MALAYSIA SUPPORTED NORTH KOREA'S POLICY OF REUNIFICATION, WITHOUT ADDING THE QUALIFYING STATEMENTS THAT SUCH A PRINCIPLE SHOULD ONLY BE ACCORDING TO THE DESIRES OF BOTH PARTIES, THE MALAYSIAN FOREIGN MINISTRY WAS QUICK TO REASSURE THE ROK EMBASSY (ACCORDING TO AN ROK EMBASSY OFFICER) THAT THE REPORT WAS A MIS-QUOTE AND THAT MALAYSIA HAD NO INTENTION OF IMPLYING ANY CHANGE IN ITS NEUTRAL POLICY REGARDING THE ISSUE. KONG ISSUED AN INVITATION FOR FOREIGN MINISTER RITHAUDDEEN TO VISIT NORTH KOREA WHICH, ACCORDING TO PRESS REPORTS, WAS ACCEPTED.

3. PUBLIC STATEMENTS EMANATING FROM EACH CALL UPON GOM OFFICIALS RELATED THAT KONG HAD DISCUSSED THE NON-ALIGNED MOVEMENT. ALTHOUGH NORTH KOREA'S CONFIDENTIAL

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PAGE 03 KUALA 02006 01 OF 02 090950Z

OBJECTIVES IN THIS REGARD WERE NOT REVEALED, THE GOM AGAIN TOOK A NOTABLY CAUTIOUS STAND. MALAYSIAN FOREIGN MINISTER TENGKU AHMAD RITHAUDDEEN MADE CLEAR MALAYSIA'S HOPE THAT NOTHING SHOULD BE DONE TO DIVIDE MEMBERS OF THE NON-ALIGNED MOVEMENT AND THAT MEMBERS SHOULD TRY TO PROJECT THE TRUE IDENTITY OF THE NON-ALIGNED MOVEMENT "IN BOTH THE ECONOMIC AND POLITICAL FIELDS." IN THIS REGARD, THE COUNSELLOR OF THE ROK EMBASSY SUBSEQUENTLY TOLD EMBASSY OFFICERS THAT IN HIS OPINION THE PRIMARY POLITICAL PURPOSE OF THIS AND CONCURRENT VISITS BY NORTH KOREAN OFFICIALS THROUGHOUT THE THIRD WORLD WAS TO BEGIN SOLICITING FAVORABLE ATTITUDES TOWARD NORTH KOREA AND HER POLICIES DURING THE UPCOMING NON-ALIGNED CONFERENCE.

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PAGE 01 KUALA 02006 02 OF 02 090923Z
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C O N F I D E N T I A L SECTION 2 OF 2 KUALA LUMPUR 2006

4. OF MORE IMPORTANCE TO THE GOM AND TAKING PRECEDENCE IN PUBLIC STATEMENTS WAS THE ISSUE OF TRADE BETWEEN THE TWO COUNTRIES AND THE PROSPECT FOR CONCLUSION OF A TRADE AGREEMENT. DEPUTY PRIME MINISTER MAHATHIR ANNOUNCED AT THE CONCLUSION OF THE OFFICIAL PERIOD OF THE VISIT THAT THE TWO COUNTRIES WOULD SIGN A TRADE AGREEMENT INCLUDING A "MOST FAVORED NATION" CLAUSE BY THE END OF 1978. AGAIN EVIDENCING THE CAUTION WHICH CHARACTERIZED THE VISIT, HOWEVER, MAHATHIR ADDED THAT NEGOTIATIONS WERE STILL CONTINUING AND THAT "THERE ARE A FEW MINOR ADJUSTMENTS TO BE MADE" TO THE AGREEMENT ALREADY REACHED IN PRINCIPLE. ALTHOUGH NO FURTHER DETAILS OF THE AGREEMENT WERE ANNOUNCED, IT IS OUR UNDERSTANDING DISCUSSIONS OVER THE AGREEMENT IN THE PAST HAD BEEN FRUSTRATED AND PROLONGED BY NORTH KOREAN INSISTENCE ON INCLUDING IN THE AGREEMENT POLITICAL
CONFIDENTIAL

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PAGE 02 KUALA 02006 02 OF 02 090923Z

STATEMENTS WHICH WERE UNACCEPTABLE TO THE MALAYSIANS. IN ELABORATING ON MUTUAL HOPES FOR INCREASED TRADE, MAHATHIR AND OTHER OFFICIALS STATED THAT DURING 1976 MALAYSIA EXPORTED M\$16 MILLION (ABOUT US\$7 MILLION) IN COMMODITIES TO NORTH KOREA AND IMPORTED M\$600,000 (ABOUT US\$260,000) OF GOODS INCLUDING

MACHINE TOOLS, UREA FERTILIZERS, CEMENT, DRIED FISH AND ZINC. CURRENT EXPORTS TO NORTH KOREA ARE AVERAGING 50,000 TO 60,000 TONS OF RUBBER AND 30,000 TO 40,000 TONS OF PALM OIL PER YEAR. OFFICIALS EXPLAINED, HOWEVER, THAT FIGURES FOR TOTAL TRADE WERE MISLEADING, DUE TO THE FACT THAT NORTH KOREA PURCHASES QUANTITIES OF MALAYSIAN PRODUCTS FROM THIRD COUNTRIES, SUCH AS RUBBER PURCHASED THROUGH SINGAPORE. OVERALL, TRADE WITH NORTH KOREA CONSTITUTES ONLY 0.07 PERCENT OF MALAYSIA'S EXTERNAL TRADE. FINALLY, IT WAS ANNOUNCED THAT A TRADE PROMOTION CENTER WOULD BE OPENED IN THE NORTH KOREAN EMBASSY DURING MID-MARCH 1978, STAFFED BY REPRESENTATIVES OF THE NORTH KOREAN MINISTRY OF FOREIGN TRADE.

5. COMMENT: THE CAUTIOUS ATTITUDE OF THE GOM DURING THE VISIT INDICATED THE VISIT WAS VIEWED AS DUES TO BE PAID IN MAINTAINING MALAYSIA'S IMAGE OF NON-ALIGNMENT. A LOCAL JOURNALIST INFORMED AN EMBASSY OFFICER THAT THE GOM HAD DENIED THE PRESS ACCESS TO THE DELEGATION ITSELF BY HUSTLING THE VISITORS QUICKLY BETWEEN APPOINTMENTS AND TRANSPORTATION, BY AVOIDING SCHEDULING PRESS CONFERENCES FOR THE DELEGATION, AND BY LIMITING PRESS RELEASES TO STATEMENTS MADE BY GOM OFFICIALS AFTER EACH APPOINTMENT. IT
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PAGE 03 KUALA 02006 02 OF 02 090923Z

THEREFORE APPEARS UNLIKELY THAT MALAYSIA WILL BE ANY MORE FORTHCOMING IN ITS NEGOTIATIONS OF A TRADE AGREEMENT THAN IT HAS BEEN IN THE PAST, AND WILL MOST LIKELY ACCEPT ONLY AN AGREEMENT THAT IS COMPLETELY COMPATIBLE WITH ITS INTERESTS. FINALLY, WE ASSUME THE APPARENT DELAY IN LEAVING KUALA LUMPUR WAS TO ACCOMMODATE THE GOVERNMENT OF SINGAPORE (AND TO CALL THEIR BLUFF) (REF B).
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